Senate Budget and Fiscal Review—Wesley Chesbro, Chair

SUBCOMMITTEE NO. 3 Agenda

Chair, Senator Denise Moreno Ducheny
Senator Dave Cox
Senator Wesley Chesbro

Thursday, March 23, 2006
10 am or Upon Adjournment of Session
John L. Burton Hearing Room (4203)
Consultant, Anastasia Dodson

Discussion Agenda

Due to the volume of issues testimony will be limited. Please be direct and brief in your comments so that others may have the opportunity to testify. Written testimony is also welcome and appreciated. Thank you for your consideration.

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-324-9335. Requests should be made one week in advance whenever possible.

4140 Office of Statewide Health Planning and Development (OSHPD)

The Office of Statewide Health Planning and Development (OSHPD) develops plans, policies, and programs to assist health care delivery systems. OSHPD has four major program areas: (1) healthcare cost and quality analysis; (2) healthcare workforce development; (3) facility/hospital development; and (4) health care information.

OSHPD Issue 1: Review of Hospital Plans for Seismic Safety

Description: OSHPD's Facilities Development Division (FDD) regulates the design and construction of healthcare facilities to ensure they are safe and capable of providing services to the public, particularly after earthquakes or other disasters. Concerns have been raised about the timeliness of FDD's review process for hospital construction plans. Due to construction cost increases in recent years, delays in plan review may result in significant cost increases for hospitals.

Background:

- **Hospital Seismic Safety Act:** Prior to 1971, local building officials regulated hospital construction standards. After the 1971 Sylmar earthquake, when four hospitals collapsed and killed 52 people, the Legislature passed the Alfred E. Alquist Hospital Seismic Safety Act. This Act required acute care hospitals to be designed and constructed to withstand a major earthquake and remain operational immediately after the quake. The Act set safe building standards which new hospital construction would be required to meet, but grandfathered in older buildings. The Act also shifted authority for hospital construction review and seismic safety certification to OSHPD.

- **Seismic Safety Deadlines:** After the 1994 Northridge earthquake, in which many older (pre-1973) hospital buildings performed poorly and sustained considerable damage, the Legislature adopted SB 1953 (Alquist) to set deadlines for all buildings to meet Seismic Safety Act standards.

    - **2008 Deadline:** By 2008, hospitals must ensure that buildings do not pose a significant risk of collapse/danger to the public after a strong earthquake. Some hospitals may delay compliance until 2013 under certain circumstances and with OSHPD's approval.

    - **2030 Deadline:** By 2030, all hospital buildings must fully meet all structural and non-structural requirements of the Seismic Safety Act. Communication, emergency power supplies, bulk medical gas, fire alarms, and emergency lighting must continue to function after a strong earthquake.

2001 Safety Evaluation Results

Hospitals rated and evaluated their buildings according to how they would perform in a strong earthquake. Structural Ratings ranged from SPC-1 (significant risk of collapse) to SPC-5 (reasonably capable of providing services to the public following strong ground motion). Non-Structural Ratings ranged from NPC-1 (basic systems essential to life safety and patient care are inadequately anchored to resist earthquake forces) to NPC-5 (systems are adequately braced, and facility can provide radiological services and has sufficient water and wastewater tanks and onsite fuel supply for 72 hours after major quake).

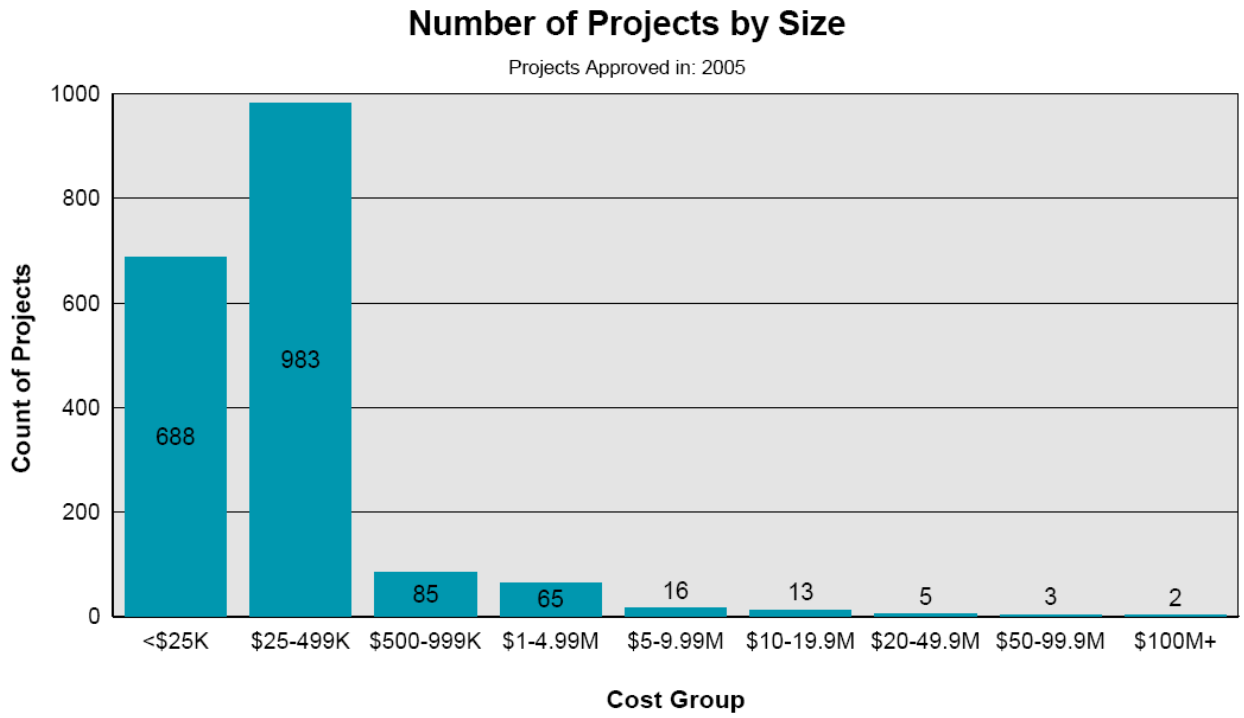
- **Buildings Rated SPC-1.** 973 (37 percent) of California's hospital buildings did not meet the 1973 standards, and are at risk for collapse in a major earthquake. These buildings must be retrofitted, replaced, or removed from acute care services by January 1, 2008 (or 2013 under certain circumstances).

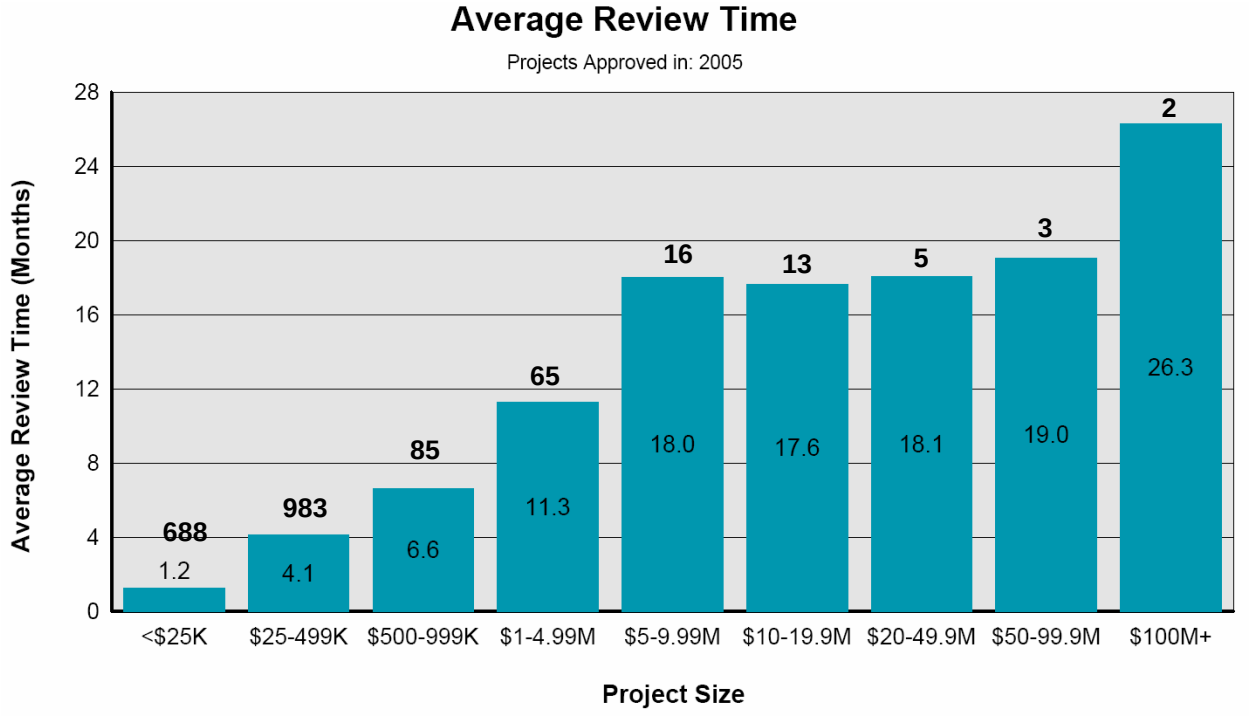
- **Buildings Rated SPC-2.** 175 buildings (7 percent) do not significantly jeopardize life but may not be repairable or functional following a strong quake. These buildings must be brought into compliance with the Alquist Act by 2030, or be removed from acute care service.

- **Buildings Rated SPC-3, -4, or -5.** Over 1,400 buildings (56 percent) are considered capable of providing services following a strong quake and may be used without restriction to 2030 and beyond.

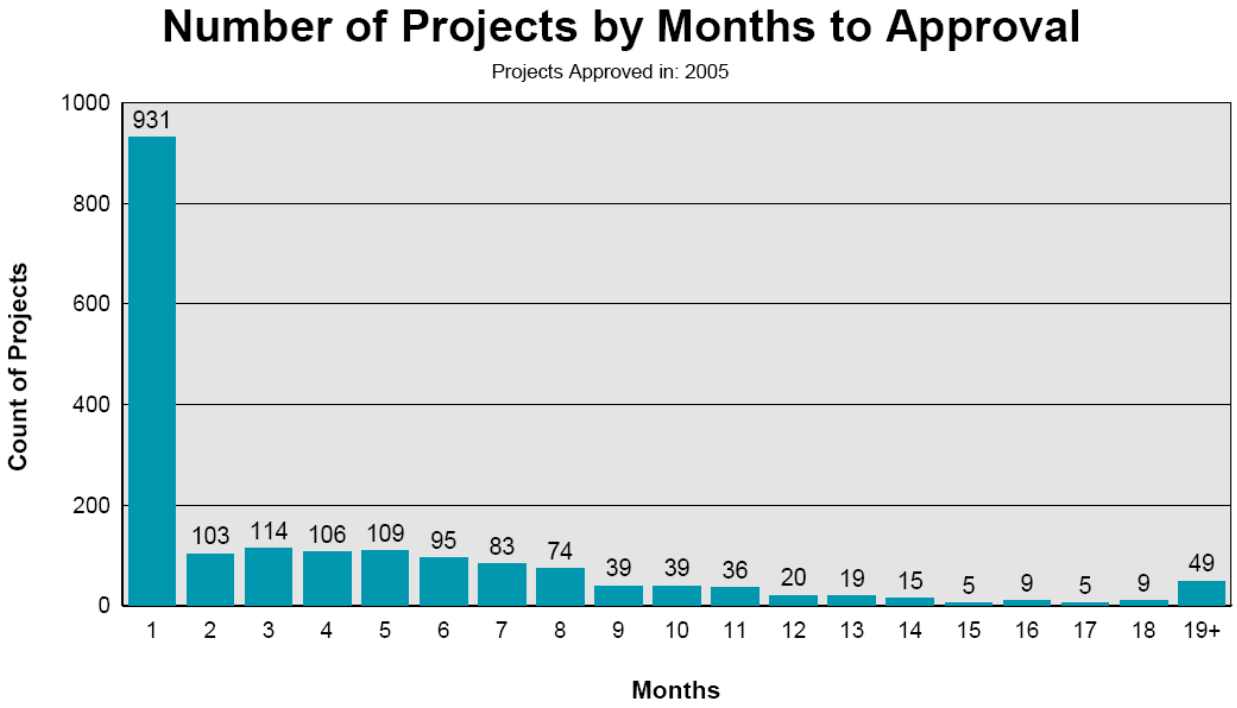
Facilities Development Division (FDD) Workload and Timelines: FDD began 2005 with 784 projects in plan review. During the year, they received 1109 projects and approved 970 projects in the office. The remaining 210 projects were closed due to inactivity or cancelled by the client. At the end of 2005, 713 projects were in plan review. Projects are also received, reviewed and approved in the field. During 2005, the field staff approved 890 projects.

The three charts below describe the attributes of the 1,860 projects approved in 2005. OSHPD indicates that the majority of its workload is approved in six months or less.

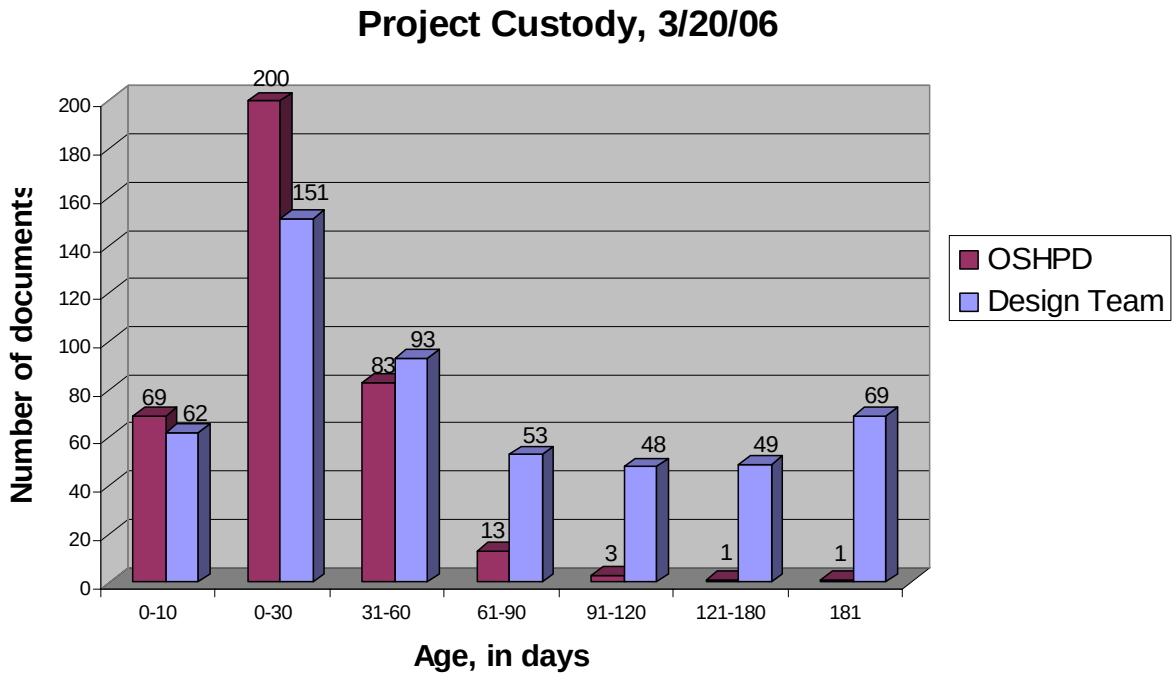




Numbers above the columns indicate number of projects per group



OSHPD is currently reviewing 756 major and minor construction projects, of which, 465 have been returned to the hospital design teams. In accordance with Title 24, Part 1, the design teams can take up to 6 months to complete the revisions and return them to OSHPD. The project custody chart provides a graphic of who has custody of the project and how long they have had it.



FDD's goal for project turnaround time for most projects is 60 days for initial review. If code deficiencies are found, however, FDD must return the plans to the designer for correction and resubmittal. FDD's goal for subsequent review or back check of corrected plans is to complete the review within 30 days of resubmittal and 30 days for post approval documents (change orders). For those projects with a primary structural component, which includes an addition or new hospital, turnaround time varies depending on the size, but generally goals are 90 days for initial review, 40 days for back checks, and 30 days for post approval documents.

Percent of FDD Plan Review Turnaround Targets Met

	Initial Review	Back Check	Post Approval
Small and Medium Projects	86.8%	89.5%	92.0%
Large Projects	74.1%	69.0%	82.0%

- **OSHPD Review Functions:** OSHPD's Facilities Development Division (FDD) includes Plan Review Teams, which review construction plans and inspect construction sites to ensure seismic safety compliance. Plan Review Teams include the following staff:

Discipline	Number of Positions	Vacancies As Of 3/15/06
Mechanical Engineer	7	0
Electrical Engineer	6	0
Fire and Life Safety Officers	9	2
Structural Engineers	34	1
Architects	15	2
Total	71	5

The entire FDD includes 201 positions, 13 (6.47 percent) of which are currently vacant.

- **Hospital Building Fund:** All costs for the FDD are funded by the Hospital Building Fund, which is funded by a 1.64 percent fee on estimated hospital construction costs, and a 1.5 percent fee on estimated skilled nursing facility construction costs. Fee rates are set by OSHPD and approved by the Department of Finance.

Hospital Building Fund
(dollars in millions)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance	$5	$5	$42	$47	$56	$56
Revenues & Income	$20	**$59**	$32	$36	$31	$31
Expenditures	$20	$22	$24	$27	$31	$34
Ending Balance	**$5**	**$42**	**$49**	**$56**	**$56**	**$53**

The Governor's Budget estimates that the Hospital Building Fund will have an unexpended balance of $53.1 million by the end of 2006-07. This balance is the result of

an increase in the amount and cost of hospital construction, beginning in 2002-03, as hospitals began construction to meet the 2008 deadline established by SB 1953. The value of construction plans received by FDD is expected to significantly increase in the coming years, due to the upcoming 2008 and 2013 deadlines.

Value of Construction Plans Reviewed by FDD

2000-01	$1 billion
2001-02	$1.2 billion
2002-03	$2.4 billion
2003-04	$2.1 billion
2004-05	$2.8 billion
2005-06	$1.4 billion*

*as of 3/06

- **Recent Efforts to Improve FDD Review Process:**

  - **Ombudsman Hotline:** In 2005 OSHPD established a hotline for general questions regarding hospital construction and unresolved issues or complaints about FDD.

  - **Reduced Nonstructural Bracing Regulations:** In December 2005 the California Building Standards Commission approved emergency regulations proposed by OSHPD to reduce the anchorage and bracing requirements for nonstructural components in critical care areas of general acute care hospitals that are slated for replacement or removal from service before 2030.

  - **Additional Plan Review Staff and Mid-Year Funding Authority:** The 2004 Budget Act established 37 new plan review positions in FDD. These positions have reduced the average plan review turnaround time from 32.2 days to 22.2 days. The 2004 Budget Act also included budget bill language to provide the Department of Finance with flexibility to increase Hospital Building Fund expenditures in mid-year, for costs associated with hospital building plan review.

  - **Analysis of FDD Review Process:** The FDD has hired a consultant to analyze its business processes. The results of this report are due by June 2006.

  - **Logbook Database Redesign:** The Governor's Budget proposes $2.8 million Hospital Building Fund and 1 new position to procure a replacement automation system for its Logbook Database System. The department indicates implementation of the new system will improve plan review timelines by 5 percent, and will improve construction oversight productivity by 25 percent.

    The existing Logbook system is used by OSHPD to track health facility construction projects, track compliance with SB 1953, and facilitate emergency operations in the event of a natural disaster. OSHPD indicates that maintenance

and enhancements for this system are difficult to implement, and that the system is unstable and prone to errors, especially when operating systems on user PCs are upgraded. Total project costs for the new Logbook system are estimated to be $11.5 million, including $8 million in one-time development costs, and $3.5 million in ongoing costs over the five-year project period. The existing logbook system was developed in 1988, with adjustments made annually as needed.

OSHPD expects to award the contract for the new system between March and June 2007, begin implementation in May 2008, and complete implementation by December 2008.

- **Hospital Concerns About Review Timelines:** The California Hospital Association (CHA) has expressed concern about the length of review time needed for hospital construction projects. A recent report indicates that hospital construction costs have risen 66 percent over the past three years. This means that for a $100 million hospital project, a one month delay can add up to $2 million in costs. The CHA indicates that this cost escalation has required some hospitals to downsize, modify, delay, or eliminate some of their projects. The CHA also indicates that barriers to OSHPD hiring and retaining staff should be removed, including the elimination of any future hiring freezes and vacancy requirements, and an increase in the pay scale for OSHPD structural engineers and fire and life safety officers.

  The CHA also indicates that expediting the implementation of the OSHPD Logbook program would expedite the plan review process by creating efficiencies and providing improved communication between OSHPD and designers/hospitals.

  The CHA also indicates that a number of hospitals have seen recent improvements in the OSHPD process. CHA also appreciates OSHPD participating in bi-monthly meetings of the CHA/OSHPD Task Force to enhance the plan review and area compliance process. However, with hospital projects currently being designed at $600/$700 per square foot or approximately $2 million per bed, CHA believes that there needs to be a lot of "out of the box" changes to meet the intent of the Seismic Safety Act while keeping costs under control.

- **Budget Options to Reduce Review Time and Maintain Review Quality:** Note that policy options may be considered by other Legislative committees.

  - **Fire and Life Safety Staff Training Program:** OSHPD and CHA agree that a key bottleneck in the review of hospital construction is the shortage of qualified staff to serve as Fire and Life Safety Officers. OSHPD currently has 23 Fire and Life Safety Officer positions (9 in Plan Review and 14 in Field Review), of which 19 are filled (7 in Plan Review and 12 in Field Review). Many of these staff are close to retirement and the loss of those staff, in conjunction with the shortage of qualified applicants, may increase construction review times.

The Subcommittee may wish to consider the establishment of a Fire and Life Safety Officer training program, in conjunction with the establishment of additional Fire and Life Safety Officer positions. Such a program would allow existing staff to train new staff, and increase OSHPD's ability to respond to increased construction volume. In addition, an increase in FDD staffing allows staff to spend more time on-site reviewing facilities, which may allow the department to maintain the quality of its field work.

- **Contract Out Other Review Functions:** The department indicates that it has contracted out for structural engineering review activities during peak workload periods. The Subcommittee may wish to discuss the feasibility of contracting out for other key positions.

- **Pay Scale Review:** The Subcommittee may wish to discuss the feasibility of adjusting pay scales for Fire and Life Safety Officers, or other positions that are key to a timely and consistent review process.

Questions:

1. OSHPD, please describe the activities, funding, and staffing for the Facilities Development Division.

2. OSHPD, please discuss the feasibility of developing a staff training program for Fire and Life Safety or other positions.

Recommendation: Hold open.

5180 Department of Social Services (DSS)

DSS Issue 1: Cash Assistance Program for Immigrants (CAPI)

Description: The Governor's Budget proposes to extend the deeming period for the Cash Assistance Program for Immigrants (CAPI) from ten to fifteen years for immigrants who entered the country on or after August 22, 1996. This five year extension results in General Fund savings (cost avoidance) of $12.5 million in 2006-07 and $40 million in 2007-08, and is expected to prevent 2,500 applicants from qualifying for CAPI in 2006-07, and 3,000 applicants from qualifying in 2007-08. Advocates have expressed concern that this proposal would deny CAPI eligibility for low-income elderly and disabled immigrants that

Background:

- **CAPI Program Description:** The CAPI program was established in 1998 to provide cash benefits to aged, blind and disabled legal immigrants who became ineligible for SSI as a result of welfare reform. This state-funded program is overseen by DSS and administered locally by counties. CAPI grants are $10 less than SSI/SSP grants for individuals and $20 less than SSI/SSP grants for couples. CAPI caseload is projected to decrease by 2.8 percent in 2006-07, to 7,817 average monthly recipients. Total funding for the CAPI program is estimated to be $77.3 million General Fund in 2005-06 and $75.5 million General Fund in 2006-07.

- **CAPI Program Eligibility:** Federal law generally limits SSI/SSP benefits for legal immigrants to refugees for seven years, aged and/or disabled persons who were on aid before August 22, 1996, or who were legally residing in the country on August 22, 1996 and subsequently become disabled. In response, California created the CAPI program in 1998 to provide state-only benefits to low-income elderly legal immigrants who meet specified criteria. Eligibility for the CAPI program is limited to:

    1. Low-income primarily elderly legal immigrants who entered the US prior to August 1996. Federal law established a three-year deeming period for these persons.

    2. Low-income elderly and disabled legal immigrants who entered the US after August 1996 and whose sponsors are dead, disabled or abusive. According to state and federal law, the deeming period is waived for those with a deceased or abusive sponsor. Those with a disabled sponsor are subject to federal deeming rules, which are generally three years.

    3. Low-income elderly and disabled legal immigrants who entered the US after August 1996 with no sponsor or with a low-income sponsor. State law currently establishes a ten year deeming period, which the Governor's Budget proposes to extend to fifteen years.

- **Deeming Period:** CAPI applicants who entered the US on or after August 22, 1996 are currently subject to a ten year deeming period, which means for ten years after entering the country, both the applicant and sponsor's income and resources are counted when determining CAPI eligibility (unless the sponsor is dead, disabled or abusive, or another deeming exception can be applied). The ten year deeming period will begin to expire for some CAPI beneficiaries and applicants as soon as August 22, 2006. Under current law, DSS estimates that an additional 250 individuals would become eligible for CAPI each month beginning in September 2006.

- **Governor's Budget:** Due to the state's fiscal challenges, the Governor's Budget would require a sponsor's income and resources to continue to be considered for another five years, preventing an estimated 2,500 applicants from qualifying for CAPI in 2006-07, and 3,000 applicants from qualifying in 2007-08. The total deeming period would be fifteen years.

- **Impact of the Governor's Budget for CAPI Applicants:** The people prevented from qualifying for CAPI under this proposal are low-income elderly or disabled legal immigrants who have lived in the US for at least ten years. While many immigrants who have lived in the US for that length of time have become citizens, for elderly or disabled immigrants the citizenship process can be far more difficult due to language, transportation, and other barriers. In addition, after ten years some sponsors have stopped providing assistance due to their own age or infirmity, leaving some CAPI applicants with no means of support except General Assistance in some counties. A fifteen-year deeming period would increase the risk of homelessness, hunger, and illness among this group of immigrants.

Questions:

1. DOF, please present the Governor's Budget proposal.

Recommendation: Hold open.

DSS Issue 2: Case Management, Information and Payrolling System (CMIPS) II Procurement

Description: The Governor's Budget proposes $25.6 million ($12.8 million General Fund) for a new automation system to replace the existing Case Management, Information and Payrolling System (CMIPS). CMIPS is a 20 year-old system that supports the In-Home Supportive Services (IHSS) program. Development of the new system, known as CMIPS II, is necessary to meet state and federal program requirements for IHSS. Analysis and preparation of the procurement of CMIPS II has been ongoing since 1999-00. Final bidder proposals are due in May 2006, and the contract is expected to be awarded in January 2007.

Background:

- **Office of Systems Integration (OSI):** The Health and Human Services Agency Office of Systems Integration (OSI) manages five major projects for the Department of Social Services (DSS), including procurement of CMIPS II. In 2005-06 and 2006-07 there are 16 OSI and 4 DSS positions for CMIPS II procurement and implementation.

- **Existing CMIPS:** The existing CMIPS provides client case management and provider payrolling functions for the In-Home Supportive Services (IHSS) program. Development of CMIPS began in 1979. Maintenance and operating costs for CMIPS are $11.9 million ($4.1 million General Fund) annually.

- **Justification for CMIPS II:** Development of CMIPS II is necessary to meet state and federal program requirements for IHSS, such as business payroll and tax requirements for prompt and accurate reporting to the IRS, EDD, and SCO. Manual workarounds on the existing CMIPS are currently being performed to meet some state and federal requirements, as CMIPS cannot be enhanced without risk of system failure. In addition, the OSI indicates CMIPS II will be able to connect to the Department of Health Services Medi-Cal automation system, known as CA-MMIS. This connection will allow better Medi-Cal benefits coordination and oversight. Furthermore, the OSI indicates that CMIPS II will improve the efficiency of state and county IHSS business processes.

  Finally, the federal government has indicated concerns with continuing the sole-source maintenance contract for CMIPS, and will withdraw federal matching funds if the state does not conduct a competitive procurement for CMIPS II.

- **Costs and Funding for CMIPS II:** The budget includes $25.6 million ($12.8 million General Fund) for contract planning, procurement, and implementation activities for CMIPS II in 2006-07. Based on OSI cost models, the total estimated cost for the development of CMIPS II is $98 million over three years, and for maintenance and operations is $129 million over seven years. Actual costs are not yet available, as the contract has not been awarded.

- **CMIPS II Procurement Delays:** Contract development and procurement for CMIPS II began in fiscal year 1999-00. Between 1999-00 and 2006-07, a total of $15 million will be spent on procurement planning. Procurement has been delayed due to funding reductions in 2003, major program changes in 2004, and the efforts of OSI and DSS to ensure that competition to build the new system is maximized.

  The CMIPS II request for proposal was released in April 2005. The 2005 Budget Act included $13.2 million ($6.6 million General Fund) in anticipation of a contract award and implementation in 2005-06. However, due to the large number of bidder questions and subsequent discussions and revised contract language, final bidder final proposals are now due in May 2006, with contract award projected for January 2007. The department indicates the primary objectives in conducting the CMIPS II procurement are to:

  - Procure a CMIPS II solution that meets program needs.
  - Ensure best value by maximizing competition and ensuring a level playing field.
  - Maximize federal financial participation in CMIPS II through integration with CA-MMIS, the DHS automation system for the Medi-Cal program.

Questions:

1. OSI, please briefly describe the status of CMIPS II procurement. Are the 2006-07 costs expected to be lower than the Governor's Budget estimate, due to procurement delays?

2. LAO, please present your analysis of the proposal.

Recommendation: Hold open.

DSS Issue 3: In-Home Supportive Services (IHSS) Quality Assurance

Description: The Governor's Budget proposes $4 billion ($1.3 billion General Fund) for the In-Home Supportive Services (IHSS) program in 2006-07. This represents a net increase of $167 million ($51.9 million General Fund) above the current year funding level, primarily due to caseload growth.

Background:

- **IHSS Program Description:** The In-Home Supportive Services (IHSS) program funds personal care services for low-income aged, blind or disabled individuals that are at risk for institutionalization. IHSS services include domestic services (such as meal preparation and laundry), nonmedical personal care services, paramedical services, assistance while traveling to medical appointments, teaching and demonstration directed at reducing the need for support, and other assistance. Services are provided through individual providers hired by the consumer, county contracts with service providers, or through welfare staff. County welfare departments visit consumers in their homes to determine authorized hours of service.

- **IHSS Enrollment:** The budget estimates that IHSS caseload will increase to 396,000 in 2006-07, an increase of 6.4 percent over 2005-06 caseload. Approximately half of IHSS consumers are age 65 and older. Persons with developmental disabilities constitute more than 12 percent of the IHSS caseload. Caseload, hours of service by case, and program costs have grown significantly since the mid-1990s.

- **Quality Assurance Implementation:** The 2004-05 Budget Act established an IHSS Quality Assurance program to make county determinations of service hours consistent throughout the state, and to comply with federal waiver requirements. Quality Assurance was not intended to result in an arbitrary loss of hours for consumers. Quality Assurance includes: 1) quality assurance functions in each county, 2) state resources for monitoring and supporting county activities, 3) standardized assessment training for county IHSS workers, and 4) periodic written notices to providers that remind them of their legal obligations to submit accurate timesheets.

- **Quality Assurance Fiscal Effect:** The Governor's Budget reflects $431 million ($140.1 million General Fund) savings in 2006-07 due to reduced provider payments under the Quality Assurance initiative. This savings estimate reflects phased-in implementation as county workers who have completed the training assess new cases or complete reassessments. When fully implemented, DSS estimates that Quality Assurance will ultimately result in program savings of 13 percent. The Governor's Budget reflects savings of 11 percent due to ramp up time needed for quality assurance. The budget also includes $32.6 million ($11.7 million General Fund) for county staffing costs associated with the Quality Assurance Initiative.

  ***Note that the amount of savings for Quality Assurance included in the budget is an estimate, and that current statute authorizes the Department of Finance to adjust funding amounts during the year to reflect actual program costs. Mid-year funding adjustments may include increases or decreases in program funding due to caseload changes.

- **Quality Assurance Workgroups:** The department implemented the quality assurance program through a series of workgroups. The work of two groups, the Hourly Task Guidelines and the Regulations Development workgroups, is still underway. The remaining groups have completed their work.

  1. **Regulations Development:** Review and update current IHSS regulations to comply with statutes; develop new regulatory language for IHSS Plus Waiver and Quality Assurance; develop language to implement variable assessment intervals for determining needs of IHSS recipients; provide findings to DSS; and review and comment on final regulation package. The Regulations Development has met a number of times, and plans to meet again in summer 2006.

  2. **Social Worker Training:** Develop goals, objectives, approach, and scope of training for development of a standardized training curriculum and work aids to operate an ongoing statewide training program for county staff on the supportive services uniformity system. Interview, select, and contract with vendor on training products

developed for standardized training curriculum. Phase 1 of the training was completed in August – December 2005. Phase 2 training will begin soon, and future phases are under development.

3. **State/County Quality Assurance Process:** Develop protocols and procedures for monitoring county QA programs. 58 counties report they have local Quality Assurance programs in place; local QA staffing is reported to be 94 positions statewide; 23 counties will have been reviewed by the state, with the remaining to be reviewed by the end of 2005-06.

4. **Hourly Task Guidelines:** Develop an hourly task guide that will specify an average time range (with exceptions) to perform necessary tasks associated with each assessed need. Draft guidelines were completed in December 2005. These guidelines include definitions of tasks, factors to consider in assessing authorized time, ranges of time for each task and functional rank, and examples of exceptions. The ranges of time for each task are based on interquartile ranges of existing CMIPS data. The interquartile range is the range between the 25^{th} percentile and 75^{th} percentile of authorized hours across the state for a specific task and a specific functional rank. Six counties field tested the guidelines (without the specific time ranges) in January 2006. Results were presented to the Hourly Task Guidelines workgroup on March 15, 2006.

5. **Forms Development (Standard Protective Supervision and Provider Enrollment):** Develop and implement the following forms: 1) Provider Enrollment form to be completed and signed, under penalty of perjury, by all who seek to provide supportive services. The form will include statements that persons convicted or incarcerated following a conviction for certain crimes in the previous 10 years are ineligible for enrollment to provide supportive services or receive payment for supportive services. 2) Protective Supervision Medical Certification form to obtain medical certification from appropriate medical professional regarding a person's need for protective supervision. These forms have been completed and are available online.

6. **Fraud/Data Evaluation:** Develop policies, procedures, and applicable due process requirements to identify and recover overpayments to IHSS providers. Conduct automated data matches and transmit relevant data match to the counties and/or appropriate state entity for action.

   A two-county error rate study (San Diego and Yolo counties) is scheduled to be completed by April 15, 2006. Two additional error rate studies are currently under development: 1) Expansion of the previous error rate study to include four new counties (San Mateo, Ventura, and two others), and 2) A study to review out-of-state payments made to providers. Both are scheduled to be completed by September 30, 2006. Some data matches are currently in place, and future matches are in progress.

- **Continue Quality Assurance State Staffing.** The budget requests $1.6 million ($788,000 General Fund) for a two-year extension of 16 expiring limited-term positions for the IHSS Quality Assurance Initiative. The DSS received 18 two-year limited-term positions for Quality Assurance implementation in 2004-05, and now indicates that continuation of 16 positions is necessary to continue implementation and provide ongoing county support and monitoring.

Questions:

1. DSS, please describe the status of the Quality Assurance initiative.

2. DSS, how will ongoing implementation of Quality Assurance be monitored and evaluated? How will the results be available to stakeholders?

Recommendation: Hold open.

4170 California Department of Aging (CDA)

The California Department of Aging (CDA) is the state agency designated to coordinate resources to meet the long term care needs of older individuals, to administer the federal Older Americans Act and the State Older Californians Act, and to work with Area Agencies on Aging to serve elderly and functionally impaired Californians. The budget proposes $194.7 million for 2006-07, a 0.4 percent increase over the current year.

CDA Issue 1: Health Insurance Counseling and Advocacy Program (HICAP)

Description: The 2005 Budget Act included an increase of $1.8 million federal funds, $2 million special funds, and four CDA positions for the Health Insurance Counseling and Advocacy Program (HICAP). The additional funding and positions would be used to address the increased need for consumer counseling during the initial enrollment period for Medicare Part D Prescription Drug benefits in spring 2006, when over 4 million Medicare beneficiaries in California will need to make enrollment decisions.

Background:

- **Medicare Modernization Act (MMA) Enrollment:** The MMA created a new Part D prescription drug benefit for Medicare beneficiaries. The initial enrollment period will run from November 15, 2005 through May 15, 2006 for most beneficiaries, but only from November 15, 2005 through December 31, 2005 for beneficiaries eligible for both Medicare and Medi-Cal (dual eligibles). Over 4.1 million Californians, including 1.7 million dual eligibles, may enroll in Medicare Part D.

- **Health Insurance Counseling and Advocacy Program (HICAP):** HICAP is a volunteer-supported program that provides consumers with information about Medicare, related health care coverage, and long-term care insurance. In 2004, HICAP fielded 90,000 consumer phone calls, 40,000 of which resulted in insurance counseling appointments. This figure is expected to increase substantially in the last few months of 2005 when 4.1 million Californians receive MMA enrollment information.

Questions:

1. CDA, please provide an update on the disbursement of the additional funding for HICAP in the current year, and how demand for HICAP services has been affected by implementation of Medicare Part D benefits.

Recommendation: Hold open.

CDA Issue 2: Multipurpose Senior Services Program (MSSP)

Description: Annual funding for the Multipurpose Senior Services Program (MSSP) has remained unchanged since 2000, at $46.9 million ($23.5 million General Fund). As with other home- and community-based waivers, MSSP must meet cost-neutrality provisions that require programs costs not exceed the costs of institutional care.

Background: Local MSSP sites provide social and health care management for frail elderly clients who are certifiable for placement in a nursing facility but who wish to remain in the community. The goal of the program is to arrange for and monitor the use of community services to prevent or delay premature institutional placement of these frail clients. The services must be provided at a cost lower than that for nursing facility care. California currently has 41 sites statewide, which serve up to 11,789 clients per month.

Funding for local MSSP sites of $44.5 million ($22.3 million General Fund) is included in the Department of Health Services budget, and administrative funding of $2.4 million ($1.2 million General Fund) is included in the CDA budget.

Due to program cost increases and flat funding since 2000, MSSP providers have had to reduce the number of clients served, hired less experienced staff, and increase care manager client ratios. In response, CDA has allowed MSSP sites to use existing funding with more flexibility. However, .MSSP providers indicate that even with this flexibility, another year of flat funding will result in further reductions in client caseload, longer waiting lists, and the inability for MSSP to meet its contractual standards. The subcommittee may wish to consider additional funding of $6 million ($3 million General Fund) for MSSP to maintain the current level of service in 2006-07.

Questions:

1. CDA, please describe MSSP, and the Governor's Budget funding level.

Recommendation: Hold open.

CDA Issue 3: Senior Legal Hotline

Description: The Senior Legal Hotline provides legal assistance to more than 68,000 seniors each year. Total funding for this program in 2005 was approximately $450,000 in federal grant funds, foundation funds, and donations. However, the federal grant for this program will likely end in the current year, while the volume of calls received by this program continues to grow. The Subcommittee may wish to consider funding of $250,000 General Fund to support the Senior Legal Hotline.

Background: The Senior Legal Hotline provides phone advice, written information, referrals and brief services in all areas of law for persons 65 and older on a variety of topics. Funding for the program totaled $390,000 in 2004 to serve 8,033 new cases. Funding in 2005 totaled $450,000 for 10,000 cases. The federal grant that is ending provided $135,000 per year. The requested funding of $250,000 General Fund would provide a total budget of $565,000 per year, to serve 20,000 cases.

Presenter: David Mandel, Senior Legal Hotline

Recommendation: Hold open.